

General Answers to Questions on Group Life Insurance
Plan for Federal Civilian Employees

Q. What are the principal features of the new group life insurance plan for Federal employees?

A. Here are the highlights of the plan:

- With few exceptions, all Federal civilian employees will be eligible to participate.
- The plan will provide for low-cost life insurance without a medical examination and with payment of double indemnity for accidental death and payment for accidental loss of eyesight or one or more limbs (dis-memberment).
- Eligible employees will be automatically covered unless they specifically state in writing that they do not want the insurance.
- The cost will be shared by employees and the Government. The employee will pay 25 cents per \$1,000 of insurance each bi-weekly pay period, until he reaches age 65, after which he will pay nothing. If he is paid on other than a bi-weekly basis, the cost will be proportionate. The Government will help to pay the cost of this insurance by contributing half as much as the employee.
- Each employee who participates will be insured for an amount approximating his annual salary to the nearest upper thousand. For example, an employee earning \$3,200 per year will be insured for \$4,000. An employee earning more than \$4,000 but not over \$5,000 will be insured for \$5,000, and so on.
- Employees 65 years of age or older will be insured free, but in reduced amounts.
- Employees who retire will continue to be covered by the life insurance provisions without cost to them--but their coverage will be reduced.

Participation

Q. Who will be eligible to participate in this program?

A. All Federal civilian employees in the executive, legislative, and judicial branches and employees of the District of Columbia Government will be eligible to participate except: (1) non-citizens stationed overseas, (2) employees serving in certain corporations under the supervision of the Farm Credit Administration, and (3) employees excluded by the Civil Service Commission (after consultation with agencies) because of conditions of employment, such as seasonal, intermittent, or part-time employment.

Q. Will employees in hazardous occupations be excluded?

A. An employee will not be excluded solely on the grounds that he is engaged in a hazardous occupation.

- Q. Will Members of Congress be eligible?
- A. Yes -- Members of Congress, cabinet officers, judges -- all will be eligible.
- Q. Will there be any bar to participation because of physical condition, age or sex?
- A. No. However, if an employee declines insurance, and later wants to participate, he will have to wait one year and then produce evidence of insurability -- through a medical examination. Also, when an employee declines to participate, he will not be eligible for insurance after he has reached the age of 50 years.
- Q. If both man and wife are employed by the Government, will both be eligible?
- A. Yes.
- Q. What about employees who participate, quit the Government, and later return?
- A. They will be eligible to participate upon their return just as though they had not been previously employed.
- Q. What must an employee do to participate in the program?
- A. Nothing. Eligible employees will be covered automatically, unless they state in writing that they do not want to be covered under the plan.
- Q. What about employees who are insured under group insurance policies through their unions or associations?
- A. Employees can participate in this program and continue the insurance purchased through unions and associations.
- Q. Are employees who retired prior to the enactment of this program eligible?
- A. No.
- Q. When will coverage terminate?
- A. The insurance is discontinued on separation from service or 12 months after salary stops, whichever occurs first. However, the life insurance provisions are continued if an employee retires under any Federal retirement system on an immediate annuity, either for disability or after at least 15 years of civilian service.
- Q. Then employees who quit the Government will lose their coverage?
- A. That is correct. However, the life insurance will continue in effect for 31 days during which they have the right to purchase an individual life insurance policy at standard rates from insurance companies approved by the Government. No medical examination will be required.

- Q. What amount of insurance will the employee who leaves the Government be able to purchase under this provision?
- A. The same amount of his coverage while employed by the Government, or any lesser amount.
- Q. Will this right of purchase allow an employee to buy a policy which will give him all the benefits of his Government insurance, such as double payment for accidental death, payment for accidental loss of limbs, etc.?
- A. No. The right of purchase will be for the life insurance only, without double indemnity or dismemberment protection.

Amount of Insurance

- Q. For what amount will an employee be insured?
- A. At ages below 65 years, the insurance will be an amount that approximates his annual salary to the nearest upper thousand. If he makes more than \$2,000 a year, he will be insured for \$3,000. If he makes more than \$3,000 a year, he will be insured for \$4,000, and so on. If he is 65 years old or more, the face amount of his insurance will be reduced by 2 percent for each month after his 65th birthday anniversary until a reduction of 75 percent is reached. The remaining 25 percent will stay in effect.
- Q. Will an employee be able to carry less insurance than the amount to which he will be entitled?
- A. No, he must carry the full amount or none.
- Q. Will the amount of insurance to which an employee will be entitled change with his annual rate of salary?
- A. Yes, if the changes in the employee's annual rate of salary are sufficiently great. For example, if an employee earns \$3,200 when he enters the program, he is entitled to \$4,000 worth of insurance. If his salary goes over \$4,000 but not beyond \$5,000, he will be entitled to \$5,000 worth of insurance; if it drops to \$3,000 or below but not to \$2,000, he will be entitled to \$3,000 worth of insurance. The changes in coverage and salary deductions will become effective in the pay period in which the employee's salary rate changes.
- Q. When will this insurance be paid out to the employee or his survivor(s)?
- A. Upon death of the employee, the survivor(s) will be paid the face amount of the insurance. If the death is accidental, twice the face amount of the insurance will be paid. If the employee suffers accidental loss of one hand, one foot, or the sight of one eye, he will be paid one-half of the face amount. The total face amount will be payable to the employee for the loss of two or more such members or for the loss of sight of both eyes.
- Q. Must an employee name a beneficiary?
- A. No. Most employees will not find it necessary to designate a beneficiary. For those who do not, life insurance and accidental death benefits are payable in the following order of precedence: (1) widow or widower, (2) children, (3) parents, (4) estate, and (5) next of kin.

Payment for Insurance

- Q. How will an employee pay for this insurance?
- A. The cost to the employee will be deducted automatically from his pay check each pay period.
- Q. Will an employee be able to withdraw the money he has paid in at any time?
- A. No. His salary deductions will pay for his day-to-day insurance protection.
- Q. If an employee is 65 years or older when the program goes into effect, will deductions for insurance be made from his salary?
- A. No. He will receive the insurance without cost to himself.
- Q. Will an employee pay for his insurance after he retires?
- A. No. The life insurance will be free after retirement on an immediate annuity under any Federal retirement system, either for disability or after 15 years of civilian service. The double indemnity and dismemberment (loss of limb or eyesight) protection will stop.
- Q. What will be the total cost to the Government?
- A. It is estimated that the Government's cost will be about \$22,750,000 per year, assuming that at least 75 percent of the eligible employees decide to participate.
- Q. Is it possible that the cost of insurance for employees might increase?
- A. It would require a change in the law to increase the employee's rate of payment.
- Q. Will an employee be able to cancel this insurance later?
- A. Yes, at any time.
- Q. When will this plan go into effect?
- A. It is hoped that coverage of Commission employees will begin with the pay period which starts on August 29, 1954.